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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/010,340	12/05/2001	Owen H. Brown	3263/Brown	7289

26304 7590 12/23/2003

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EXAMINER

O'CONNOR, GERALD J

ART UNIT	PAPER NUMBER
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3627

DATE MAILED: 12/23/2003

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.
10/010,340

Applicant(s)
Brown et al.

Examiner
O'Connor

Art Unit
3627



-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE three MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136 (a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on October 8, 2003 (Amdt "B")
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11; 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-41 is/are pending in the application.
- 4a) Of the above, claim(s) 1-8, 24-38, and 41 is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 9-23, 39, and 40 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claims _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on April 1, 2002 is/are a) ☒ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- 11) ☐ The proposed drawing correction filed on _____ is: a) ☐ approved b) ☐ disapproved by the Examiner.
If approved, corrected drawings are required in reply to this Office action.
- 12) ☐ The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. §§ 119 and 120

- 13) ☐ Acknowledgement is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
a) ☐ All b) ☐ Some* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
*See the attached detailed Office action for a list of the certified copies not received.
- 14) ☐ Acknowledgement is made of a claim for domestic priority under 35 U.S.C. § 119(e).
a) ☐ The translation of the foreign language provisional application has been received.
- 15) ☐ Acknowledgement is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

Attachment(s)

- 1) ☐ Notice of References Cited (PTO-892) 4) ☐ Interview Summary (PTO-413) Paper No(s). _____
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948) 5) ☐ Notice of Informal Patent Application (PTO-152)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449) Paper No(s). _____ 6) ☐ Other:

DETAILED ACTION

Preliminary Remarks

1. This Office action responds to the amendment and arguments filed by applicant on October 8, 2003 (Paper N^o 9) in reply to the Office action mailed July 9, 2003.
2. The amendment of claims 9-16, 18, and 20 by applicant in Paper N^o 9 is hereby acknowledged.
3. The addition of claims 39-41 by applicant in Paper N^o 9 is hereby acknowledged.

Election/Restriction

4. New claim 41 is withdrawn from further consideration pursuant to 37 CFR 1.142(b), as being drawn to a non-elected invention (Invention VI), there being no allowable generic or linking claim. Applicant timely traversed the restriction (election) requirement in Paper N^o 7.
5. This application now contains withdrawn claims 1-8, 24-38, and 41, drawn to various inventions non-elected with traverse in Paper N^o 7. A complete reply to this final rejection *must* include cancellation of the non-elected claims or other appropriate action (37 CFR 1.144). See MPEP § 821.01.

Claim Rejections - 35 USC § 103

6. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

7. Claims 9-23, 39, and 40 are rejected under 35 U.S.C. 103(a) as being unpatentable over Cretzler (US 5,644,724), in view of Hanna et al. (US 6,230,928).

Cretzler discloses a method for calculating and debiting sales tax amounts of credit/debit card transactions of a merchant comprising the steps of: receiving an authorization for payment from one of a plurality of credit card issuers for each of one or more credit/debit card transaction authorization requests submitted by the merchant; determining a sales tax amount for each authorized transaction of the merchant; storing information about the tax portion for each authorized transaction of the merchant; receiving a request from the merchant for payment for the authorized transaction(s); determining a tax amount from the stored information; crediting a tax account of the merchant with payment of the tax amount. The method of Cretzler, though, involves the merchant paying the tax amount(s) directly to the taxing authorities, rather than depositing the funds into an EFP escrow account for later payment to the taxing authorities on behalf of the merchant.

However, Hanna et al. disclose a similar method, which method indeed includes an EFP escrow account into which sales tax amounts of a merchant are directly deposited for later

payment to the taxing authorities on behalf of the merchant. See, in particular, column 11, lines 46-59.

Therefore, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to have modified the invention of Cretzler so as to send the calculated sales tax amounts to an EFP escrow account for later payment to the taxing authorities on behalf of the merchant, in accordance with the teachings of Hanna et al., rather than sending the calculated sales tax amounts directly to the taxing authorities, in order for the merchant to collect interest on the deposited funds prior to the deadline for transferring the sales tax funds to the taxing authorities.

Regarding claim 10, it is inherent to the method of Cretzler that the credit to the merchant (at the end of a taxing period) is a net credit representing a sum of the payments made during the taxing period.

Regarding claims 11-14 and 39-40, management and crediting of the escrow account by any of the parties involved (other than the merchant), including the EFP, a merchant bank, and other credit card transaction processors, and the charging of a fee by the entity managing the account, would be considered well known, hence obvious steps to follow to those of ordinary skill in the art. Therefore, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to have further modified the method of Cretzler by having any of the entities involved in the transactions, other than the merchant, manage the escrow account and charge a fee for that service, merely as a matter of design choice, since so doing could be

performed readily and easily by any person of ordinary skill in the art, with neither undue experimentation, nor risk of unexpected results.

Regarding claims 15-17 and 20, the method of Cretzler includes that each calculated sales tax payment amount represent a tax owed with respect to cardholder transaction associated with the requested payment, wherein the tax owed is determined as a function of a tax rate, associated with at least one of a sales tax schedule, a value-added tax schedule, and a garnishment schedule, for a tax jurisdiction identified to the cardholder transaction, which inherently includes determining if an item is tax-exempt from sales tax, such that its tax rate would be nil.

Regarding claim 18, increasing a tax rate by a garnishment amount so as to facilitate the collection of back taxes is a well known, hence obvious step to follow for one of ordinary skill in the art. Therefore, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to have further modified the method of Cretzler so as to increase the tax rate by a garnishment amount, in order to facilitate collection of back taxes, merely as a matter of design choice, since so doing could be performed readily and easily by any person of ordinary skill in the art, with neither undue experimentation, nor risk of unexpected results.

Regarding claims 19, 21, and 22, the escrow account of the method of Hanna et al. comprises a merchant savings account, and the method of Hanna et al. includes providing information about the escrow portion to at least one of the merchant and the escrow account provider, in combination with a sales draft. Therefore, it would have been obvious to one of

ordinary skill in the art, at the time of the invention, to have further modified the method of Cretzler so as to established the escrow account as a merchant savings account and provide information about the escrow portion to at least one of the merchant and the escrow account provider, in combination with a sales draft, in accordance with the teachings of Hanna et al., in order to provide interest payments to the merchant and keep at least one of the merchant and the escrow account provider apprised of the status of the payments.

Regarding claim 23, providing financial account information by means of a secure web page is a well known, hence obvious means of providing information concerning the account to the account holder. Therefore, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to have further modified the method of Cretzler so as to provide information concerning the account to the merchant via a secure web site, merely as a matter of design choice, as is well known to do, in order to provide the information as speedily and conveniently as possible, since so doing could be performed readily and easily by any person of ordinary skill in the art, with neither undue experimentation, nor risk of unexpected results.

Response to Arguments

8. Applicant's arguments filed Oct 8, 2003 have been fully considered but are not persuasive.
9. Regarding the argument that the requirement for restriction between Invention V and Invention VI is improper because the examiner has mischaracterized the claims of Invention VI,

it is noted that the features upon which applicant relies (i.e., electronic transfers of funds) are not recited in the withdrawn claim(s). Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993).

For example, claim 24 utterly fails to require any electronic transactions whatsoever. The claim reads on a completely manual process, such as the merchant writing a paper cash receipt form (the carbonless-copy kind they sell in wire-bound books at Office Depot or Staples) for the customer and mailing the carbonless copy thereof to the escrow account manager (i.e., “receiving a cash transaction report from the merchant”); the escrow account manager summing up the total of the receipts from the envelope and figuring a particular percentage thereof for sales tax owed (i.e., “determining an amount for deposit in a merchant escrow account based on the cash transaction reporting message”); the escrow account manager entering a debit into a paper notebook comprising the register of the merchant funds account by writing down the debit and the new, lower balance in the account register (i.e., “debiting the deposit amount from merchant funds”); and, the escrow account manager entering a credit into a paper notebook comprising the register of the merchant escrow account by writing down the credit and the new, higher balance in the escrow account register (i.e., “crediting the merchant escrow account with the amount for deposit”).

Applicant’s apparent belief that electronic processing is somehow inherently required simply because the claim is styled to indicate that it is an electronic funds processor (EFP) that is

the escrow account manager is ill conceived, as an entity that performs electronic funds processing clearly remains capable of, thus is not precluded from, manual funds processing. Moreover, the recitation of an Electronic Funds Processor (EFP) has been afforded little patentable weight because the recitation occurs in the preamble. A preamble is generally not afforded any patentable weight where it merely recites the purpose of a process or the intended use of a structure, and where the body of the claim does not depend on the preamble for completeness but, instead, the process steps or structural limitations are able to stand alone. See *In re Hirao*, 535 F.2d 67, 190 USPQ 15 (CCPA 1976) and *Kropa v. Robie*, 187 F.2d 150, 152, 88 USPQ 478, 481 (CCPA 1951).

New claim 41, also drawn to the same non-elected invention (Invention VI), adds a modicum of additional limitations over claim 24, the additional limitations requiring merely that the cash receipt report be sent electronically and that the debit occur electronically. However, during patent examination the pending claims must be interpreted as broadly as their terms reasonably allow. See *In re Zletz*, 13 USPQ2d 1320, 1322 (Fed. Cir. 1989). Therefore, simply reporting the cash transaction by telephone or fax comprises reporting “electronically,” and since debiting “electronically” can also be effected merely by telephone, such limitations fail to preclude performing the method manually, and, in any event, fail to require any credit card or debit card transactions as is required by elected Invention V.

10. Regarding the arguments against the references individually, one cannot show non-obviousness by attacking references individually where the rejections are based on combinations of references. See *In re Keller*, 642 F.2d 413, 208 USPQ 871 (CCPA 1981); *In re Merck & Co.*, 800 F.2d 1091, 231 USPQ 375 (Fed. Cir. 1986). For example, applicant argues that the instant invention automatically includes all credit/debit card transaction and Hanna et al. do not do so “automatically.” However, this argument is non-responsive to the rejection, since the Hanna et al. reference was not alleged to teach automation. The method of Cretzler is automatic--it just transfers the funds automatically to the taxing authorities immediately rather than holding them in an escrow account for a time prior to transferring them to the authorities. The teaching of Hanna et al. relied upon in the rejection was merely for this “holding in escrow” step.

11. Regarding the argument that the references fail to show certain features of applicant’s invention, it is noted that the features upon which applicant relies (i.e., merchant neither has to acquire nor operate a point-of-sale terminal system, thereby eliminating the merchant’s responsibilities) are not recited in the rejected claim(s). Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993).

Conclusion

12. The prior art made of record and not relied upon is considered pertinent to the disclosure.

13. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire **THREE MONTHS** from the mailing date of this action. In the event a first reply is filed within **TWO MONTHS** of the mailing date of this final action and the advisory action is not mailed until after the end of the **THREE-MONTH** shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than **SIX MONTHS** from the mailing date of this final action.

14. Any inquiry concerning this communication, or earlier communications, should be directed to the examiner, **Jerry O'Connor**, whose telephone number is **(703) 305-1525**, and whose facsimile number is **(703) 746-3976**.

The examiner can normally be reached weekdays from 9:30 to 6:00.

Inquiries of a general nature or simply relating to the status of the application should be directed to the receptionist, whose telephone number is **(703) 308-1113**.

If attempts to reach the examiner are unsuccessful, the examiner's supervisor, Mr. Robert Olszewski, can be reached at **(703) 308-5183**.

Official replies to this Office action may be submitted by any *one* of fax, mail, or hand delivery. **Faxed replies are preferred and should be directed to (703) 872-9306** (fax-back auto-reply receipt service provided). Mailed replies should be addressed to "Commissioner of Patents and Trademarks, Washington, DC 20231." Hand delivered replies should be left with the receptionist on the seventh floor of Crystal Park Five, 2451 Crystal Dr, Arlington, VA 22202.

GJOC



December 16, 2003

87 B n. Allist
PRIMARY EXAMINER